TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1935

No. 54

GEORGE EVERETT LEGG, PETITIONER,

vs.

E. ST. JOHN, TRUSTEE

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

PETITION FOR CERTIORARI FILED MAY 13, 1935.

CERTIORARI GRANTED MAY 27, 1935.

SUPREME COURT OF THE UNITED STATES

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vs.

E. ST. JOHN, TRUSTEE

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

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[fols. 1 & 2]

IN UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF TENNESSEE

PETITION FOR ADJUDICATION—Filed March 8, 1934

To the Honorable George C. Taylor, Judge of the District Court of the United States for the Eastern District of Tennessee, Northeastern Division:

The petition of George Everett Legg, of Bristol, in the County of Sullivan, 17th District, State of Tennessee, (state occupation) none, (employer) none, respectfully represents that he has had his principal place of business, residence, for the greater portion of six months next immediately preceding the filing of this petition, at Bristol, Tennessee, within said judicial district; that he owes debts which he is unable to pay in full; that he is *un*willing to surrender all of his property for the benefit of his creditors except such as is exempt by law, and desires to obtain the benefit of the Acts of Congress relating to Bankruptcy.

That the schedules hereto annexed A (1, 2, 3, 4, 5), and verified by your petitioner's oath, contains a full and true statement of all his debts, and (so far as it is possible to ascertain) the names and places of residence of his creditors and such further statements concerning said debts as are required by the provisions of said acts.

That the schedule hereto annexed, marked B (1, 2, 3, 4, 5, 6), and verified by your petitioner's oath, contains an accurate inventory of all his property, both real and personal, and such further statements concerning said property as are required by the provisions of said acts.

That petitioner has not been granted a discharge in bankruptcy within six years.

Wherefore your petitioner prays that he may be adjudged by the Court to be a bankrupt within the purview of said acts.

[fol. 3] George Everett Legg, Petitioner.

Attorney for Petitioner: None.

Duly sworn to by George Everett Legg. Jurat omitted in printing.

[fol. 4] IN UNITED STATES DISTRICT COURT FOR THE NORTHEASTERN DIVISION, EASTERN DISTRICT OF TENNESSEE

In Bankruptcy

No. 2415

In the Matter of GEORGE EVERETT LEGG, Bankrupt

ADJUDICATION OF BANKRUPTCY AND ORDER OF REFERENCE—Filed and Entered March 8, 1934

At Greenville, in said District, on the 8th day of March, A. D. 1934, before the Honorable George C. Taylor, Judge of said Court in Bankruptcy, the petition of George Everett Legg, of Bristol, Tenn., Sullivan County, that he be adjudged a bankrupt, within the true intent and meaning of the Acts of Congress relating to bankruptcy, having been heard and duly considered, the said George Everett Legg is hereby declared and adjudged a bankrupt accordingly.

It is therefore ordered, that said matter be referred to H. C. Haynes, Esq., one of the Referees in Bankruptcy of this Court, to take such further proceedings therein as are required by said Acts; and that the said George Everett Legg shall attend before said Referee on the 8th day of March, at Greenville, and thenceforth shall submit to such orders as may be made by said Referee or by this Court relating to said voluntary bankruptcy.

Witness the Honorable George C. Taylor, Judge of the said Court, and the seal thereof, at Greenville, in said District, on the 8th day of March, A. D. 1934.

Lee A. Beeler, Clerk, by (Signed) Eva Lee, Deputy Clerk. (Seal of the Court.)

Approved for entry. Geo. C. Taylor, Judge.

[fol. 5] IN UNITED STATES DISTRICT COURT

TRUSTEE'S REPORT—Filed April 10, 1934

Edmund St. John, Trustee in this cause, after careful investigation of the assets of the bankrupt, reports as follows:

3. Exempt Property.

The bankrupt asks to have exempted a life insurance policy and the benefit of a disability contract attached to a

life insurance policy in the Metropolitan Life Insurance Company, No. 5081405-A, dated Sept. 28, 1927. Beginning June 18, 1930, the bankrupt has been receiving $174.52 on the 18th of each month under this disability contract. The last payment received by him was Feb. 18, 1934, between which time and the date of this petition, Mar. 8, 1934, one of the creditor's enjoined the Company from paying any further money on attachment proceedings. Payments made by the Company are made in advance, from the 18th of one month to the 18th of the next month so that nothing was due at the date of adjudication.

While the proceeds of all life insurance policies are exempt under the law, there seems to be some doubt about the application of the law to the facts in this case, and it being a question of law it is respectfully referred to the Referee for decision.

The bankrupt is securing a duplicate or copy of the policy to file in the case and will be filed as soon as received.

This April 2, 1934.

I hereby set aside said life insurance policy and the cash surrender value thereof as exempt, but that the disability benefits are not exempt but is an asset of the estate.

Respectfully submitted, Edmund St. John, Trustee in Bankruptcy.

[fol. 6] *Duly sworn to by Edmund St. John. Jurat omitted in printing.*

[fol. 7] IN UNITED STATES DISTRICT COURT

AMENDED EXCEPTIONS OF BANKRUPT TO REPORT OF EDMUND ST. JOHN, TRUSTEE—Filed April 16, 1934

George Everett Legg, Bankrupt, excepts to the report of Edmund St. John, Trustee, filed herein on April —, 1934, upon the following grounds:

Said report correctly states that no disability benefits were due under said insurance policy at the date of adjudication, and reports further:

"I hereby set aside said life insurance policy and the cash surrender value thereof as exempt, but that the disability benefits are not exempt but is an asset of the estate."

1. Said life insurance policy No. 5081405-A, on the life of George E. Legg, issued by the Metropolitan Life Insurance Company, and all payments or benefits accruing thereunder after adjudication, are exempt under the Statute laws of the State of Tennessee, and the Trustee should have so held and reported, because:

(a) "An Act entitled an Act exempting in certain cases the proceeds of Life Insurance Policies or Annuities from the claims of creditors" (Ch. 113, Public Acts, 1925), now section 8458 of the Code of Tennessee, provides that:

"The net amount payable under any policy of life insurance or under any annuity contract upon the life of any person made for the benefit of, or assigned to, the wife and/or children, or dependent relatives of such person, shall be exempt from all claims of the creditors of such person", etc.

(b) Under Section 7711 of the Code of Tennessee, the Bankrupt is entitled to a monthly exemption, from the monthly payments in controversy, of $40.00 per month.

[fol. 8] (c) The title to said insurance policy, and to all parts thereof, remains in the bankrupt and does not vest in the Trustee.

2. Without waiving the foregoing exception, if it should be held that same is not well taken, then, in that event, the bankrupt will, invoke the following provision of U. S. C. A., Title 11, section 110 (a) (5), viz:

"When any bankrupt shall have any insurance policy which has a cash surrender value payable to himself, his estate, or personal representative, he may, within thirty days after the cash surrender value has been ascertained and stated to the trustee by the company issuing the same, pay or secure to the trustee the sum so ascertained and stated, and continue to hold, own, and carry such policy free from the claims of the creditors participating in the distribution of his estate under the bankruptcy proceedings."

Pursuant to said provision, if the same be not exempt under the State statutes, the bankrupt has the right to pay or secure the cash surrender value of the insurance policy in controversy, as provided, and upon doing so, shall have,

continue to hold, own and carry said policy, and receive all the benefits thereof, free from the claims of the trustee or creditors.

A photostat copy of the policy is filed, in lieu of the original, and same is referred to and made a part hereof.

Wherefore, the bankrupt excepts to said report, and appeals therefrom to the judgment of the Referee.

Henry Roberts, Caldwell, Brown & O'Dell, Solicitors for Geoge Everett Legg, Bankrupt.

(Here follows photolithograph of Policy, side folio 8A)

METROPOLITAN LIFE INSURANCE COMPANY

NO. 5081405-A —HEREBY INSURES THE LIFE OF—

GEORGE E. LEGG

herein called the Insured, in accordance with the terms of this Policy, No. 5081405

Promises to Pay at its Home Office in the City of New Y

to BEATRICE A. LEGG WIFE

upon receipt of due proof of the death of the Insured and upon the presentation of for endorsement, the sum of ONE HUNDRED

thereafter an Income of ONE HUNDRED I

MONTH on the CORRESPONDING day of THE MONTH

until TWO HUNDRED AND THIRTY NINE such payments, aggregating with said fi

TWENTY FOUR THOUSAND Dollars, shall have been paid. The Comm

of all of the above payments is SEVENTEEN THOUSAND FOUR HUNDRED & FIFTY TWO

(HEREIN CALLED THE AMOUNT OF INSURANCE)

The right on the part of the Insured to change the Beneficiary, in the manner hereinafte

is -- reserved.

METROPOLITAN LIFE INSURANCE COMPANY

—HEREBY INSURES THE LIFE OF—

GEORGE E. LEGG

Insured, in accordance with the terms of this Policy, No. 5081405 A and

to Pay at its Home Office in the City of New York

A. LEGG WIFE Beneficiary,

e proof of the death of the Insured and upon the presentation of this Policy,

sum of ONE HUNDRED Dollars, and

of ONE HUNDRED Dollars every

on the CORRESPONDING day of THE MONTH

D AND THIRTY NINE such payments, aggregating with said first payment

TY FOUR THOUSAND Dollars, shall have been paid. The Commuted value

yments is SEVENTEEN THOUSAND FOUR HUNDRED & FIFTY TWO Dollars.

(HEREIN CALLED THE AMOUNT OF INSURANCE)

part of the Insured to change the Beneficiary, in the manner hereinafter provided,

Promises to Pay at its Home Office in the City of

to BEATRICE A. LEGG WIFE B

upon receipt of due proof of the death of the Insured and upon the presentation of t
for endorsement, the sum of ONE HUNDRED D
thereafter an Income of ONE HUNDRED D
MONTH on the CORRESPONDING day of THE MONTH
until TWO HUNDRED AND THIRTY NINE such payments, aggregating with said fi
TWENTY FOUR THOUSAND Dollars, shall have been paid. The Comm
of all of the above payments is SEVENTEEN THOUSAND FOUR HUNDRED & FIFTY TWO
(HEREIN CALLED THE AMOUNT OF INSURANCE)
The right on the part of the Insured to change the Beneficiary, in the manner hereinafte
is -- reserved.

This Policy is issued in consideration of the Application therefor, copy of which
is attached hereto and made part hereof, and of the payment for said insurance on the life o
named Insured, of FOUR HUNDRED AND TWENTY FIVE Dollars and EIGHTY TH
(which maintains this Policy in force for a period of twelve months from its date of issue, as set f
and of the payment hereafter of a like annual premium on each 28TH
of SEPTEMBER (hereinafter called the due date), until the death of t

The Provisions and Benefits printed or written by the Company on the following pages
of this Policy as fully as if recited over the signatures hereto affixed.

In Witness Whereof, the Metropolitan Life Insurance Company has caused thi
be executed this 28TH day of SEPTEMBER 1927 which is the d
of this Policy.

Jas. S. Roberts
Secretary.

Policy Registrar.

Haley Fisk
Pr

Age 39

A

WHOLE LIFE POLICY.

Income Payments for 20 Years.

Annual Distribution of Divisible Surplus.

★ Form 817 Ord.

CE A. LEGG WIFE Beneficiary,

of due proof of the death of the Insured and upon the presentation of this Policy,
nt, the sum of ONE HUNDRED Dollars, and
ncome of ONE HUNDRED Dollars every
on the CORRESPONDING day of THE MONTH
UNDRED AND THIRTY NINE such payments, aggregating with said first payment
TWENTY FOUR THOUSAND Dollars, shall have been paid. The Commuted value
bove payments is SEVENTEEN THOUSAND FOUR HUNDRED & FIFTY TWO Dollars.
(HEREIN CALLED THE AMOUNT OF INSURANCE)
n the part of the Insured to change the Beneficiary, in the manner hereinafter provided,
served.

Policy is issued in consideration of the Application therefor, copy of which Application
ereto and made part hereof, and of the payment for said insurance on the life of the above
ed, of FOUR HUNDRED AND TWENTY FIVE Dollars and EIGHTY THREE cents,
ains this Policy in force for a period of twelve months from its date of issue, as set forth below)
ayment hereafter of a like annual premium on each 28TH day
SEPTEMBER (hereinafter called the due date), until the death of the Insured.

rovisions and Benefits printed or written by the Company on the following pages are a part
as fully as if recited over the signatures hereto affixed.

itness Whereof, the Metropolitan Life Insurance Company has caused this Policy to
his 28TH day of SEPTEMBER 1927 which is the date of issue

Secretary. *Policy Registrar.* *President.*

Age 39

WHOLE LIFE POLICY.

Income Payments for 20 Years.

Annual Distribution of Divisible Surplus.

PROVISIONS AND BENEFITS

1. Payment of Premiums:—All premiums are payable, on or before their due dates, at the Home Office of the Company, or to an authorized Agent of the Company, but only in exchange for the Company's official premium receipt signed by the President, Vice-President, Actuary, Treasurer or Secretary of the Company and countersigned by the Agent or other authorized representative of the Company receiving the premium.

The payment of a premium shall not maintain this Policy in force beyond the due date when the next premium is payable, except as hereinafter provided.

A grace period of thirty-one days, without interest charge, will be granted for the payment of every premium after the first, during which period the insurance shall continue in force. At the death of the Insured any unpaid premium for the current policy year shall be considered as an indebtedness to the Company for which this Policy is security.

2. Age:—If the age of the Insured has been misstated, any amounts payable hereunder shall be such as the premium paid would have purchased at the correct age.

3. Incontestability:—This Policy shall be incontestable after it has been in force for a period of two years from its date of issue, except for non-payment of premiums, and except as to provisions and conditions relating to benefits in the event of total and permanent disability, and those granting additional insurance specifically against death by accident, contained in any supplementary contract attached to, and made part of, this Policy.

4. Entire Contract:—This Policy and the application therefor constitute the entire contract between the parties, and all statements made by the Insured, shall, in the absence of fraud, be deemed represen warranties, and no statement shall avoid this Policy or be of a claim hereunder unless it be contained in the applicatio copy of such application is attached to this Policy when issue

5. Suicide:—If the Insured within one year from the da die by his own hand or act, whether sane or insane, the liability hereunder shall be limited to an amount equal to the premiums received, without interest.

6. Change of Beneficiary:—When the right to chan is reserved, and if there be no written assignment of this Polic Company, the Insured may (while this Policy is in force) desig ficiary, with or without reserving the right of change thereafter notice thereof at the Home Office of the Company accompani for suitable endorsement. Such change shall take effect upo the same on this Policy by the Company. If any beneficiar the Insured the interest of such beneficiary shall vest in th otherwise provided herein.

7. Assignment:—No assignment of this Policy shall be Company unless it be executed upon blanks furnished by the C with the Company at its Home Office. The Company assume to the validity and sufficiency of any assignment.

8. Agents:—No Agent is authorized to waive forfe amend this Policy, to accept premiums in arrears or to exten any premium.

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9. Options on Surrender or Lapse:—After premiums for two full years shall have been paid on this Policy, the Owner hereof or the Assignee of record, if any, upon written request filed with the Company at its Home Office, together with the presentation of this Policy for legal surrender or endorsement within three months after the due date of any premium in default, shall be entitled to one of the following options:

(*a*) CASH SURRENDER VALUE—

To receive the Cash Surrender Value which shall be the Reserve on this Policy (omitting fractions of a dollar per thousand of insurance) and on any outstanding Paid-up Additions at due date of premium in default less a surrender charge during the second policy year of not more than two and one-half per cent of the amount of insurance under this Policy. The Company shall deduct from such Cash Surrender Value any indebtedness to the Company for which this Policy is security, the remainder being hereinafter referred to as the "net sum"; or,

(*b*) PAID-UP WHOLE LIFE INSURANCE—

To have the Insurance continued in force from the due date of premium in default for a reduced amount of non-participating Paid-up Whole Life Insurance, payable in one sum upon receipt of due proof of the death of the Insured. Such Paid-up Whole Life Insurance shall be for such an amount as the net sum described under (*a*) above will purchase (in even dollars) at the then attained age of the Insured when applied as a net single premium. Such Paid-up Whole Life Insurance may be surrendered at any time for its then Cash Surrender Value (*viz.*, its full Reserve at the date of such surrender less any indebtedness to the Company on such Paid-up Whole Life Insurance); or,

(*c*) PAID-UP TERM INSURANCE—

To have the Insurance continued in force from the due date of premium in default as non-participating Paid-up Term Insurance. If there be no indebtedness to the Company for which this Policy is security, such Paid up

TABLE OF GUARANTEED LOAN VA AND SURRENDER OPTI

Computed in accordance with Paragraph 9 for a Policy free from without paid-up additions.

END OF YEAR	CASH VALUE OR LOAN VALUE	PAID-UP NON-PARTICIPATING WHOLE LIFE INSURANCE PAYABLE IN ONE SUM	NON-P TERM CON Years
2	$ 398.	$ 949.	2
3	$ 757.	$ 1770.	4
4	$ 1023.	$ 2346.	5
5	$ 1302.	$ 2914.	7
6	$ 1585.	$ 3476.	8
7	$ 1874.	$ 4028.	9
8	$ 2175.	$ 4569.	10
9	$ 2482.	$ 5099.	11
10	$ 2796.	$ 5620.	11
11	$ 3113.	$ 6126.	12
12	$ 3442.	$ 6621.	12
13	$ 3773.	$ 7106.	13
14	$ 4108.	$ 7574.	13

PROVISIONS AND BENEFITS

nt of Premiums:— All premiums are payable, on or before the Home Office of the Company, or to an authorized Agent but only in exchange for the Company's official premium the President, Vice-President, Actuary, Treasurer or Secretary and countersigned by the Agent or other authorized repre- ompany receiving the premium

nt of a premium shall not maintain this Policy in force beyond the next premium is payable, except as hereinafter provided iod of thirty-one days, without interest charge, will be granted every premium after the first, during which period the insur- e in force. At the death of the Insured any unpaid premium ey year shall be considered as an indebtedness to the Company cy is security

If the age of the Insured has been misstated, any amounts pay- all be such as the premium paid would have purchased at

ntability:- This Policy shall be incontestable after it has a period of two years from its date of issue, except for non- ums, and except as to provisions and conditions relating to nt of total and permanent disability, and those granting addi- ecifically against death by accident, contained in any supple- attached to, and made part of, this Policy.

Contract:—This Policy and the application therefor con- ntract between the parties, and all statements made by the Insured, shall, in the absence of fraud, be deemed representations and not warranties, and no statement shall avoid this Policy or be used in defense of a claim hereunder unless it be contained in the application therefor and a copy of such application is attached to this Policy when issued.

5. Suicide:—If the Insured within one year from the date of issue hereof die by his own hand or act, whether sane or insane, the liability of the Company hereunder shall be limited to an amount equal to the premiums which have been received, without interest.

6. Change of Beneficiary:—When the right to change the beneficiary is reserved, and if there be no written assignment of this Policy on file with the Company, the Insured may (while this Policy is in force) designate a new beneficiary, with or without reserving the right of change thereafter, by filing written notice thereof at the Home Office of the Company accompanied by this Policy for suitable endorsement. Such change shall take effect upon endorsement of the same on this Policy by the Company. If any beneficiary shall die before the Insured the interest of such beneficiary shall vest in the Insured, unless otherwise provided herein.

7. Assignment:—No assignment of this Policy shall be binding upon the Company unless it be executed upon blanks furnished by the Company and filed with the Company at its Home Office. The Company assumes no obligation as to the validity and sufficiency of any assignment.

8. Agents:—No Agent is authorized to waive forfeitures, to alter or amend this Policy, to accept premiums in arrears or to extend the due date of any premium.

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n on Surrender or Lapse:—After premiums for two full en paid on this Policy, the Owner hereof or the Assignee of written request filed with the Company at its Home Office, esentation of this Policy for legal surrender or endorsement is after the due date of any premium in default, shall be e following options:

URRENDER VALUE—

he Cash Surrender Value which shall be the Reserve on this ractions of a dollar per thousand of insurance) and on any up Additions at due date of premium in default, less a sur- ing the second policy year of not more than two and one- the amount of insurance under this Policy. The Company such Cash Surrender Value any indebtedness to the Com- n Policy is security; the remainder being hereinafter referred ; or,

WHOLE LIFE INSURANCE—

e Insurance continued in force from the due date of premium duced amount of non-participating Paid-up Whole Life Insur- e sum upon receipt of due proof of the death of the Insured ole Life Insurance shall be for such an amount as the net sum d) above will purchase (in even dollars) at the then attained when applied as a net single premium. Such Paid-up Whole ay be surrendered at any time for its then Cash Surrender Reserve at the date of such surrender less any indebtedness such Paid-up Whole Life Insurance); or,

TERM INSURANCE—

Insurance continued in force from the due date of premium participating Paid-up Term Insurance. If there be no Company for which this Policy is security, such Paid-up

TABLE OF
GUARANTEED LOAN VALUES AND SURRENDER OPTIONS

Computed in accordance with Paragraph 9 for a Policy free from indebtedness and without paid-up additions.

END OF YEAR	CASH VALUE OR LOAN VALUE	PAID-UP NON-PARTICIPATING WHOLE LIFE INSURANCE PAYABLE IN ONE SUM	PAID-UP NON-PARTICIPATING TERM INSURANCE CONTINUED FOR	
			Years	Months
2	$ 398.	$ 949.	2	4
3	$ 757.	$ 1770.	4	6
4	$ 1023.	$ 2346.	5	11
5	$ 1302.	$ 2914.	7	1
6	$ 1585.	$ 3476.	8	6
7	$ 1874.	$ 4028.	9	7
8	$ 2175.	$ 4569.	10	6
9	$ 2482.	$ 5099.	11	4
10	$ 2796.	$ 5620.	11	11
11	$ 3113.	$ 6126.	12	6
12	$ 3442.	$ 6621.	12	11
13	$ 3773.	$ 7106.	13	3
14	$ 4108.	$ 7574.	13	6

4. Entire Contract:—This Policy and the application therefor constitute the entire contract between the parties, and all statements made by the [illegible] amend this Policy, to accept [illegible] any premium.

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9. Options on Surrender or Lapse:—After premiums for two full years shall have been paid on this Policy, the Owner hereof or the Assignee of record, if any, upon written request filed with the Company at its Home Office, together with the presentation of this Policy for legal surrender or endorsement within three months after the due date of any premium in default, shall be entitled to one of the following options:

(*a*) CASH SURRENDER VALUE—

To receive the Cash Surrender Value which shall be the Reserve on this Policy (omitting fractions of a dollar per thousand of insurance) and on any outstanding Paid-up Additions at due date of premium in default less a surrender charge during the second policy year of not more than two and one-half per cent of the amount of insurance under this Policy. The Company shall deduct from such Cash Surrender Value any indebtedness to the Company for which this Policy is security, the remainder being hereinafter referred to as the "net sum"; or,

(*b*) PAID-UP WHOLE LIFE INSURANCE—

To have the Insurance continued in force from the due date of premium in default for a reduced amount of non-participating Paid-up Whole Life Insurance, payable in one sum upon receipt of due proof of the death of the Insured. Such Paid-up Whole Life Insurance shall be for such an amount as the net sum described under (*a*) above will purchase (in even dollars) at the then attained age of the Insured when applied as a net single premium. Such Paid-up Whole Life Insurance may be surrendered at any time for its then Cash Surrender Value (*viz.*, its full Reserve at the date of such surrender less any indebtedness to the Company on such Paid-up Whole Life Insurance); or,

(*c*) PAID-UP TERM INSURANCE—

To have the Insurance continued in force from the due date of premium in default as non-participating Paid-up Term Insurance. If there be no indebtedness to the Company for which this Policy is security, such Paid-up Term Insurance shall, upon receipt of due proof of the death of the Insured within the term, be paid as an income and shall be for the amount of insurance under this Policy, plus any outstanding Paid-up Additions, and for a term (in years and whole number of months) such as the Cash Surrender Value as defined under (*a*) above will purchase at the then attained age of the Insured when applied as a net single premium. If there be any such indebtedness the amount of the Paid-up Term Insurance will be reduced in such proportion as the indebtedness bears to the Cash Surrender Value as defined under (*a*) above and shall, upon receipt of due proof of the death of the Insured within the term, be paid in one sum. Such Paid-up Term Insurance may be surrendered at any time for its then Cash Surrender Value (*viz.*, its full Reserve Value at the date of surrender).

In the event of default in the payment of any premium, after premiums for two full years shall have been paid on this Policy, if the Owner or the Assignee of record, if any, shall not avail himself of one of the foregoing options, in the manner hereinbefore provided, within three months after the due date of the premium in default, this Policy will be continued by the Company for a reduced amount of non-participating Paid-up Whole Life Insurance as provided under Option (*b*) above.

The Company at its discretion may defer the payment of any Cash Surrender Value under Options (*a*), (*b*) or (*c*) as above for a period not exceeding ninety days after the application therefor is received by the Company.

The Reserve held for this Policy and for any Paid-up Additions and the Net Single Premiums mentioned above, shall be computed upon the American Experience Table of Mortality with interest at three and one-half per centum per annum.

TABLE OF
GUARANTEED LOAN VAL
AND SURRENDER OPTIO

Computed in accordance with Paragraph 9 for a Policy free from i
without paid-up additions.

END OF YEAR	CASH VALUE OR LOAN VALUE	PAID-UP NON-PARTICIPATING WHOLE LIFE INSURANCE PAYABLE IN ONE SUM	PA NON-PAR TERM I CONTI Years
2	$ 398.	$ 949.	2
3	$ 757.	$ 1770.	4
4	$ 1023.	$ 2346.	5
5	$ 1302.	$ 2914.	7
6	$ 1585.	$ 3476.	8
7	$ 1874.	$ 4028.	9
8	$ 2175.	$ 4569.	10
9	$ 2482.	$ 5099.	11
10	$ 2796.	$ 5620.	11
11	$ 3113.	$ 6126.	12
12	$ 3442.	$ 6621.	12
13	$ 3773.	$ 7106.	13
14	$ 4108.	$ 7574.	13
15	$ 4450.	$ 8031.	13
16	$ 4796.	$ 8475.	13
17	$ 5145.	$ 8901.	13
18	$ 5497.	$ 9316.	13
19	$ 5853.	$ 9717.	13
20	$ 6209.	$ 10105.	13
25	$ 8003.	$ 11836.	13
30	$ 9738.	$ 13239.	11

The values shown in the above table are for complet
with surrender charge, if any, deducted. Values for late
computed upon the same basis and furnished on request.

The Cash Surrender Value at any time other than at
period for which premiums have been paid shall be the
Value at the end of such period less interest from the date
the end of such period at the rate of six per cent per annu

The Loan Values provided for in the above table fo
policy year can be obtained at any time during such pol
manner and according to the following clause entitled "Lo

tract between the parties, and all statements made by the

any premium.

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on Surrender or Lapse:—After premiums for two full paid on this Policy, the Owner hereof or the Assignee of written request filed with the Company at its Home Office, sentation of this Policy for legal surrender or endorsement after the due date of any premium in default, shall be following options:

RENDER VALUE—

e Cash Surrender Value which shall be the Reserve on this ctions of a dollar per thousand of insurance) and on any Additions at due date of premium in default less a sur- g the second policy year of not more than two and one- e amount of insurance under this Policy. The Company such Cash Surrender Value any indebtedness to the Com- Policy is security, the remainder being hereinafter referred ; or,

WHOLE LIFE INSURANCE—

Insurance continued in force from the due date of premium ced amount of non-participating Paid-up Whole Life Insur- e sum upon receipt of due proof of the death of the Insured. le Life Insurance shall be for such an amount as the net sum) above will purchase (in even dollars) at the then attained when applied as a net single premium. Such Paid up Whole y be surrendered at any time for its then Cash Surrender Reserve at the date of such surrender less any indebtedness such Paid-up Whole Life Insurance); or,

TERM INSURANCE—

Insurance continued in force from the due date of premium participating Paid-up Term Insurance. If there be no Company for which this Policy is security, such Paid up ll, upon receipt of due proof of the death of the Insured paid as an income and shall be for the amount of insurance plus any outstanding Paid-up Additions, and for a term (in number of months) such as the Cash Surrender Value as ove will purchase at the then attained age of the Insured net single premium. If there be any such indebtedness the id-up Term Insurance will be reduced in such proportion as ars to the Cash Surrender Value as defined under (*a*) above ipt of due proof of the death of the Insured within the term. Such Paid-up Term Insurance may be surrendered at any Cash Surrender Value (*viz.*, its full Reserve Value at the date

of default in the payment of any premium, after premiums shall have been paid on this Policy, if the Owner or the If any, shall not avail himself of one of the foregoing options, reinbefore provided, within three months after the due date default; this Policy will be continued by the Company for of non-participating Paid-up Whole Life Insurance as pro- (*b*) above.

ny at its discretion may defer the payment of any Cash der Options (*a*), (*b*) or (*c*) as above for a period not exceeding e application therefor is received by the Company.

held for this Policy and for any Paid-up Additions and the s mentioned above, shall be computed upon the American of Mortality with interest at three and one-half per centum

TABLE OF
GUARANTEED LOAN VALUES AND SURRENDER OPTIONS

Computed in accordance with Paragraph 9 for a Policy free from indebtedness and without paid-up additions.

END OF YEAR	CASH VALUE OR LOAN VALUE	PAID-UP NON-PARTICIPATING WHOLE LIFE INSURANCE PAYABLE IN ONE SUM	PAID-UP NON-PARTICIPATING TERM INSURANCE CONTINUED FOR Years	Months
2	$ 398.	$ 949.	2	4
3	$ 757.	$ 1770.	4	6
4	$ 1023.	$ 2346.	5	11
5	$ 1302.	$ 2914.	7	3
6	$ 1585.	$ 3476.	8	6
7	$ 1874.	$ 4028.	9	7
8	$ 2175.	$ 4569.	10	6
9	$ 2482.	$ 5099.	11	4
10	$ 2796.	$ 5620.	11	11
11	$ 3113.	$ 6126.	12	6
12	$ 3442.	$ 6621.	12	11
13	$ 3773.	$ 7106.	13	3
14	$ 4108.	$ 7574.	13	6
15	$ 4450.	$ 8031.	13	8
16	$ 4796.	$ 8475.	13	10
17	$ 5145.	$ 8901.	13	10
18	$ 5497.	$ 9316.	13	10
19	$ 5853.	$ 9717.	13	10
20	$ 6209.	$ 10105.	13	9
25	$ 8003.	$ 11836.	13	0
30	$ 9738.	$ 13239.	11	10

TM

The values shown in the above table are for complete policy years with surrender charge, if any, deducted. Values for later years will be computed upon the same basis and furnished on request.

The Cash Surrender Value at any time other than at the end of the period for which premiums have been paid shall be the Cash Surrender Value at the end of such period less interest from the date of payment to the end of such period at the rate of six per cent per annum.

The Loan Values provided for in the above table for the end of a policy year can be obtained at any time during such policy year in the manner and according to the following clause entitled "Loans."

Total and Permanent Disability
WAIVER OF PREMIUMS AND PAYMENT OF MONTHLY INCOME

Supplementary Contract attached to and made part of Life Insurance Policy No. 5081405-A
issued on the life of GEORGE E. LEGG

Metropolitan Life Insurance Company

IN CONSIDERATION of the application for this Contract, as contained in the application for said Policy, the latter being the basis for the issuance hereof, and in consideration of FORTY NINE dollars and THIRTY NINE cents, payable ANN as an additional premium herefor, such payment being simultaneous with, and under the same conditions as, the regular premium under the said Policy, except as hereinafter provided.

HEREBY AGREES, that upon receipt by the Company at its Home Office in the City of New York of due proof, on forms which will be furnished by the Company, on request, that the insured has, while said Policy and this Supplementary Contract are in full force and prior to the anniversary date of said Policy nearest to the sixtieth birthday of the insured, become totally and permanently disabled, as the result of bodily injury or disease occurring and originating after the issuance of said Policy, so as to be prevented thereby from engaging in any occupation and performing any work for compensation or profit, and that such disability has already continued uninterruptedly for a period of at least three months, it will, during the continuance of such disability,

1. Waive the payment of each premium falling due under said Policy and this Supplementary Contract, and,
2. Pay to the insured, or a person designated by him for the purpose, or if such disability is due to, or is accompanied by, mental incapacity, to the beneficiary of record under said Policy, a monthly income of $10 for each $1,000 of insurance, or of commuted value of instalments, if any, under said Policy.

Such waiver shall begin as of the anniversary of said Policy next succeeding the date of the commencement of such disability, and such payments shall begin as of the date of the commencement of such disability, provided, however, that in no case shall such waiver begin as of any such anniversary occurring, nor shall such payments begin as of a date, more than six months prior to the date of receipt of the required proof.

The disability benefit herein provided shall not be payable if, at the date of disability, the said Policy shall be in force by virtue of any non-forfeiture provisions thereof, or if disability shall have resulted from bodily injuries sustained by the insured while participating in aviation or aeronautics, except as a fare-paying passenger, or sustained while the insured is in the Military or Naval Service in time of war, or as the result of violation of law by the insured.

Notwithstanding that proof of disability may have been accepted by the Company as satisfactory, the insured shall at any time, on demand from the Company, furnish due proof of the continuance of such disability, but after such disability shall have continued for two full years the Company will not demand such proof more often than once in each subsequent year. If the insured shall fail to furnish such proof, or if the insured shall be able to perform any work or engage in any business whatsoever for compensation or profit, the monthly income herein provided shall immediately cease, and all premiums thereafter falling due shall be payable according to the terms of said Policy and of this Supplementary Contract.

The waiver of premiums and monthly income payments herein provided shall be in addition to all other benefits under said Policy, provided, however, that, if there be indebtedness to the Company under said Policy, the interest on such indebtedness shall, if not otherwise paid, be deducted from said monthly income payments. Monthly income payments shall not be subject to commutation.

If premiums continue to be payable under the terms of said Policy after the anniversary of said Policy nearest to the sixtieth birthday of the insured, this Supplementary Contract shall, nevertheless, terminate and be of no further force or effect and the additional premium on account hereof shall cease to be payable, both on the anniversary of said Policy nearest to the sixtieth birthday of the insured.

The insurance under this Supplementary Contract shall be suspended while the Insured is in the Military or Naval Service in time of war, in which event that portion of the additional premium unearned during the period of such suspense shall be refunded.

This Supplementary Contract may be canceled by the insured on the due date of any premium or instalment thereof, by written request to the Company, together with the return of said Policy and this Supplementary Contract to the Company and the endorsement of such cancelation hereon.

This Supplementary Contract shall automatically terminate and be of no further force or effect if any premium on said Policy, or on this Supplementary Contract, shall remain unpaid at the end of the period of grace allowed under said Policy for payment of premium thereunder or if said Policy be surrendered or converted under one of its non-forfeiture provisions or otherwise terminated.

Whenever this Supplementary Contract shall be canceled or otherwise terminated, the additional premium shall no longer be payable.

This Supplementary Contract shall be deemed to be a part of the above numbered Policy and the provisions of said Policy concerning declarations and representations by the insured, restrictions, payment of premiums, change of beneficiary, and assignment, are hereby referred to and by such reference made a part hereof. No other provisions of said Policy shall be held or deemed to be a part hereof, except

(*a*) The provision of the said Policy as to incontestability shall apply hereto, but shall not preclude the Company from requiring as a condition to recovery hereunder, due proof of such total and permanent disability as entitles him to the benefits hereof.

(*b*) The provision of said Policy as to reinstatement shall apply hereto, except that this Supplementary Contract shall not be reinstated unless said Policy is in force and no premium is in default thereon, or unless said Policy is reinstated at the time of reinstatement of this Supplementary Contract.

No change in, addition to, waiver or permit, under this Supplementary Contract, shall be valid unless endorsed hereon and signed by an executive officer of the Company.

In Witness Whereof the Metropolitan Life Insurance Company has caused this Supplementary Contract to be executed this 28TH **day of** SEPT. 27

Jas. E. Roberts
Secretary.

Haley Fiske.
President.

Form 688 Ord.
Nov. 1922
PRINTED IN U.S.A.

PROVISIONS AND BENEFITS

10. Reinstatement If this Policy shall lapse in consequence of default in payment of any premium it may be reinstated at any time, unless the Cash Surrender Value has been paid or the non-participating Paid-up Term Insurance period has expired, upon the production of evidence of insurability satisfactory to the Company and the payment of all overdue premiums with interest at six per centum per annum to the date of reinstatement. Any loan which existed at date of default, together with interest at the same rate to the date of reinstatement, may be either repaid in cash, or if not in excess of the cash value at date of reinstatement, continued as an indebtedness for which this Policy shall be security.

11. Loans: At any time after premiums for two full years shall have been paid and while this Policy is in force, except when continued as non-participating Paid-up Term Insurance, the Company, on proper and lawful assignment of this Policy and presentation of it for endorsement, will loan to the Owner or the assignee of record, if any, on the sole security thereof, an amount not greater than the Cash Surrender Value at the end of the current policy year. Any indebtedness to the Company on this Policy, at the date of said loan, together with interest in advance on said loan to the end of the current policy year and any unpaid premium for the current policy year, will be deducted from the amount of said loan. Said loan will bear interest at the rate of six per centum per annum payable annually on each anniversary of this Policy. If interest be not paid when due, it shall be added to the principal, until the entire outstanding indebtedness shall equal the Cash Surrender Value, in which event this Policy shall become null and void, after one month's notice shall have been mailed by the Company to the last known address of the Insured and of the Assignee of Record, if any. When this Policy is continued for a reduced amount of non-participating Paid-up Whole Life Insurance, payment of interest on any loan each year, in advance, to the end of the current policy year, will be required. At the option of the Company, the granting of a loan may be deferred for a period not exceeding ninety days after application therefor is received by the Company, unless such loan is to be applied solely to the payment of premiums due to the Company. At any time while this Policy is in force the whole or any part of any such indebtedness may be repaid. At the death of the Insured any such indebtedness to the Company will be secured in the manner set forth in Clause 12 hereof, next following, unless the amount payable under this policy is paid in one sum, in which event any such indebtedness will be deducted from the amount payable hereunder.

12. Indebtedness:—If when a claim arises under this Po death of the Insured, and the amount of Insurance has not been provided under Clauses 9 (*a*) or 9 (*b*), any indebtedness to the C which this Policy is security may be repaid, but if not repaid, the I ments, payable in the manner herein provided, will each be reduc proportion as the indebtedness bears to the amount of insurance as the first page of this Policy. But if such reduction shall bring the any Income payment below $10, then the amount of the indebte be deducted from the aforesaid amount of insurance and the rema be paid in one sum.

13. Participation in Divisible Surplus:—This Policy is a p contract while in force as a premium-paying policy, and the Co annually, as of the thirty-first day of December of each year, asc apportion any divisible surplus accruing hereon. (See "Notice holder" below.) Such divisible surplus will be payable on the next a of this Policy following the next-succeeding thirtieth day of April at the option of the Insured, or of the Assignee of record, if any, be paid in cash; or, (*b*) applied within the grace period towards the p any premium or premiums; or, (*c*) applied to the purchase of a pa paid-up addition to the sum insured; or, (*d*) left to accumulate to of this Policy at such rate of interest as the Company may declar funds, but not less than three and one-half per centum per annum, a at maturity of this Policy or withdrawable in cash on any anniversa this Policy. If no other option is selected by the Insured, or by the record, if any, within three months after the date when such divisible payable, then the divisible surplus will be applied to the purchase of addition to the sum insured. Such Paid-up addition may be surre any time for a cash value at least equal to the amount of the surplus applied to its purchase.

If, when this Policy becomes a claim by death, there are, to th this Policy, any paid-up additions or any apportioned divisible su with the Company to accumulate at interest or any apportione surplus unpaid, such amounts may be paid in cash or applied to in amount of each Income payment, if settlement under this Policy is an income payment basis.

NOTICE TO POLICY-HOLDER.—*The divisible surplus accruing und of this class will probably not be sufficient to enable the Company to apportionment under this Policy before the end of the third year.*

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14. Manner of Settlement at Death: Upon the death of the Insured, the beneficiary of record at the time of such death shall present this Policy to the Company at its Home Office for endorsement covering the Income payments or for surrender if the amount payable hereunder is to be paid in one sum. If there be no beneficiary of record, original or substitute, when this Policy becomes a claim by the death of the Insured, the amount payable under this Policy, plus any outstanding paid-up addition and less any indebtedness for which this Policy is security, will be paid in one sum to the executors, administrators or assigns of the Insured.

If the beneficiary survive the Insured but die before receiving all the Income payments, the remaining payments shall be commuted at the rate of three and one-half per centum per annum compound interest and be paid in one sum to the executors, administrators or assigns of such beneficiary, unless otherwise directed by the Insured in writing and endorsed on the Policy by the Company at its Home Office during his lifetime.

Income payments will be made by check upon which the personal endorsement of the Payee will be required, but the Company may at any time require satisfactory evidence that the beneficiary is living, and if not living the shall be furnished with satisfactory evidence of a claimant's authority the commuted value of any Income payments remaining unpaid.

If such right is given to the beneficiary by the Insured, an payments yet to be made may at any time be commuted at the rate of one-half per centum per annum compound interest and be paid in one no beneficiary may assign or commute Income payments unless s has been given by the Insured and is endorsed on the Policy by the Co its Home Office during the lifetime of the Insured.

The Income payments are based upon an assumed interest o three and one-half per centum per annum, but if in any year the Comp declare for that year upon like funds held by it, a greater interest rate t and one-half per centum, the Income payment falling due on the next sary of the first payment shall be increased by the extra interest earne mean fund held on account of this Policy for that year.

PROVISIONS AND BENEFITS

rement If this Policy shall lapse in consequence of default premium it may be reinstated at any time, unless the Cash been paid or the non-participating Paid-up Term Insurance upon the production of evidence of insurability satisfactory the payment of all overdue premiums with interest at six um to the ate of reinstatement. Any loan which existed at ther with terest at the same rate to the date of reinstate- repaid in cash, or if not in excess of the cash value at date of, nued as an indebtedness for which this Policy shall be security

—At any time after premiums for two full years shall have e this Policy s in force, except when continued as non- up Term Insurance, the Company, on proper and lawful Policy and presentation of it for endorsement, will loan to ssignee of record, if any, on the sole security thereof, an than the Cash Surrender Value at the end of the current indebtedness to the Company on this Policy, at the date er with interest in advance on said loan to the end of the and any unpaid premium for the current policy year, om the amount of said loan. Said loan will bear interest r centum per annum payable annually on each anniversary interest be not paid when due, it shall be added to the e entire outstanding indebtedness shall equal the Cash which event this Policy shall become null and void, after shall have been mailed by the Company to the last known ed and of the Assignee of Record, if any. When this Policy reduced amoun of non-participating Paid-up Whole Life of interest on any loan each year, in advance, to the end y year, will be required. At the option of the Company, loan may be deferred for a period not exceeding ninety days refor is received by the Company, unless such loan is to be payment of premiums due to the Company. At any time in force the whole or any part of any such indebtedness the death of the nsured any such indebtedness to the ecured in the manne set forth in Clause 12 hereof, next amount payable under this policy is paid in one sum, in ch indebtedness will be deducted from the amount payable

12. Indebtedness:—If when a claim arises under this Policy by the death of the Insured, and the amount of Insurance has not been reduced as provided under Clauses 9 (*a*) or 9 (*b*), any indebtedness to the Company for which this Policy is security may be repaid, but if not repaid, the Income payments, payable in the manner herein provided, will each be reduced in such proportion as the indebtedness bears to the amount of insurance as set forth on the first page of this Policy. But if such reduction shall bring the amount of any Income payment below $10, then the amount of the indebtedness shall be deducted from the aforesaid amount of insurance and the remainder shall be paid in one sum.

13. Participation in Divisible Surplus:—This Policy is a participating contract while in force as a premium-paying policy, and the Company will annually, as of the thirty-first day of December of each year, ascertain and apportion any divisible surplus accruing hereon. (See "Notice to Policy-holder" below.) Such divisible surplus will be payable on the next anniversary of this Policy following the next succeeding thirtieth day of April and may, at the option of the Insured, or of the Assignee of record, if any, be either (*a*) paid in cash; or, (*b*) applied within the grace period towards the payment of any premium or premiums; or, (*c*) applied to the purchase of a participating paid-up addition to the sum insured; or, (*d*) left to accumulate to the credit of this Policy at such rate of interest as the Company may declare on such funds, but not less than three and one-half per centum per annum, and payable at maturity of this Policy or withdrawable in cash on any anniversary date of this Policy. If no other option is selected by the Insured, or by the Assignee of record, if any, within three months after the date when such divisible surplus is payable, then the divisible surplus will be applied to the purchase of a Paid-up addition to the sum insured. Such Paid-up addition may be surrendered at any time for a cash value at least equal to the amount of the surplus originally applied to its purchase.

If, when this Policy becomes a claim by death, there are, to the credit of this Policy, any paid-up additions or any apportioned divisible surplus left with the Company to accumulate at interest or any apportioned divisible surplus unpaid, such amounts may be paid in cash or applied to increase the amount of each Income payment, if settlement under this Policy is made on an income payment basis.

NOTICE TO POLICY-HOLDER.—*The divisible surplus accruing under policies of this class will probably not be sufficient to enable the Company to make any apportionment under this Policy before the end of the third year.*

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t of Settlement at Death:—Upon the death of the Insured, record at the time of such death shall present this Policy at its Home Office for endorsement covering the Income ender if the amount payable hereunder is to be paid in be no beneficiary of record, original or substitute, when a claim by the death of the Insured, the amount payable us any outstanding paid-up addition and less any indebted- his Policy is security, will be paid in one sum to the rators or assigns of the Insured.

iary survive the Insured but die before receiving all the he remaining payments shall be commuted at the rate of r centum per annum compound interest and be paid in one , administrators or assigns of such beneficiary, unless other- Insured in writing and endorsed on the Policy by the me Office during his lifetime.

nts will be made by check upon which the personal endorse ill be required, but the Company may at any time require satisfactory evidence that the beneficiary is living, and if not living the Company shall be furnished with satisfactory evidence of a claimant's authority to receive the commuted value of any Income payments remaining unpaid.

If such right is given to the beneficiary by the Insured, any Income payments yet to be made may at any time be commuted at the rate of three and one-half per centum per annum compound interest and be paid in one sum, but no beneficiary may assign or commute Income payments unless such right has been given by the Insured and is endorsed on the Policy by the Company at its Home Office during the lifetime of the Insured.

The Income payments are based upon an assumed interest earning of three and one-half per centum per annum, but if in any year the Company shall declare for that year upon like funds held by it, a greater interest rate than three and one-half per centum, the Income payment falling due on the next anniversary of the first payment shall be increased by the extra interest earned by the mean fund held on account of this Policy for that year.

Copy of application attached hereto.

Part A — Application to the METROPOLITAN LIFE INSURANCE COMPANY — Form 066 E-1 — ORDINARY DEPT. — TO BE USED WHEN AMOUNT APPLIED FOR IS OVER $1,000—ORDINARY OR INTERMEDIATE

1. FULL NAME of Person whose life is to be insured: Percy Edward Legg
2. Residence: No. 520 Street: Penny (City or Post Office): Bristol State: Tenn. Va.
3. How long have you resided at the address given? 2 yrs
4. If less than one year give previous address:
5. To what address shall receipts be mailed? Residence / Place of Business
6. Place of birth: Lee Co. Va. (Town or City / State)
7. Date of birth: Month Dec. Day 28 Year 1888 — Age nearest birthday: 39 Years
8. Single, Married, Widower or Widow? Divorced or Separated? Married
9. Occupation. If more than one, state all. Nature of Employer's business: Prop. Bristol Plumbing & Heating Co.
10. Exact duties of Occupation: Office & Sales
11. Any change in Occupation contemplated? If yes, give particulars: No
12. Place of Business. (City, Street and No.) Is this employment: 28-6 St. Self
13. Former Occupations. (Within the last two years): Plumbing & Gas Fitting
14. Do you, within the next twelve months, contemplate journeying outside the United States or Canada or making an ocean trip? If yes, state when, where to, for what purpose and for how long? No
15. Have you any intention of making aerial flights within the next two years? If so, give particulars. No
16. Have you any other application or negotiation for life, accident, or health insurance now pending or contemplated? If yes, give particulars. No

14. Amount of Insurance desired: $ 5000 — Ordinary / Intermediate — Prem. Payable: Annually / Semi-annually / Monthly
15. Plan of Insurance or designation in Table form:
16. Beneficiary (in case of your death). (Person): Bertha A. Legg
Relationship of the named Beneficiary:
Corporation
P. O. Address: 520 Penn
(b) Do you reserve the right to change the beneficiary from time to time? (In the event of Beneficiary herein designated
17. Is any one regularly dependent on you for support? If so, give particulars.
18. Are you now insured in this Company (other than Group)? If so, give particulars.

Name of Company	Amount	Kind of Policy	Year Issued	If Converted or Increased give Policy No.
	$5000	Ord. Life		
	1000			
	$6000			

What amount of the above insurance carries:
(a) Disability Provisions? $
(b) Accidental Death benefits? (Double Indemnity) $
19. If you are applying for Disability Provisions, state amount of weekly benefit carried under Health Policies with this or any other Company: $
20. Is the policy for which you are now applying intended to take the place of insurance carried with this or any other Company? If yes, give particulars.
21. What amount has been paid in advance on account of the first premium? $
22. Corrections and Amendments. (For Home Office use.)

23. Have you ever applied to any Company or Association without receiving insurance in the amount or on the plan applied for, or at your age, or at the normal premium thereof? If yes, give particulars. No

Company or Association	Year	If not issued or applied for, or what request declined	Declined or postponed	Withdrawn or not taken
None				

To be completed in the case of a woman Applicant, if ever married.

24. What are (in full) the sources of your income?
25. Number of children living, age and occupation of each.
26. Husband's name
(a) Business
(b) In what Companies and for what amount is he insured in your favor?
(c) If not insured in your favor, state why not
(d) Is application on his life being submitted?

It is understood and agreed: 1. That the foregoing statements and answers are correct and wholly true, and, together with the answers to questions on Part B hereof, they shall form the basis of the contract of insurance, if one be issued.

2. That no agent, medical examiner or any other person, except the Officers of the Company, have power on behalf of the Company (a) to make, modify or discharge any contract of insurance, (b) to bind the Company by making any promise respecting any benefits under any policy issued hereunder.

3. That no statement made by or by, and no knowledge on the part of, any Agent, medical examiner or any other person as to any facts pertaining to the Applicant shall be considered as having been made to or brought to the knowledge of the Company unless stated in either Part A or B of this application.

4. That the Company shall incur no liability under this application until it has been received, approved, and a policy issued and delivered, and the full first premium stipulated in the policy has actually been paid to and accepted by the Company during the lifetime of the Applicant, in which case such policy shall be deemed to have taken effect as of the date of issue as recited on the first page thereof.

5. In case of apparent errors or omissions discovered by the Company in Part A of this application, the Company is hereby authorized to amend this application by noting the change in the space entitled "Corrections and Amendments," and I hereby agree that my acceptance of such policy, accompanied by a copy of the application so amended, shall operate as a ratification of such changes or amendments, provided, however, that no change shall be made as to amount, classification, plan of insurance or benefits unless agreed to in writing by me.

Signed by Applicant and dated at Bristol Tenn. this 30 day of Aug 1927

Witness to signature: A Slater — Signature of Applicant: Percy Edward Legg

Part B — Continuation of the Application. Applicant's Statements to the Medical Examiner. The answers below are for the Applicant's answers only. Signing but his answers should be inserted. Statements of or comments by Medical Examiner must be recorded in Part C.

1. What is your occupation? If not duties: Plumbing & Heating Co. Inside
2. Have you ever undergone a medical examination for insurance and failed to receive the exact amount or kind of policy applied for? If yes, give particulars and name of Company: No
3. Have you during the past year resided or been intimately associated with any person suffering from tuberculosis? If so, give particulars and precautions taken: No
4. Has any one of your parents, brothers or sisters ever had, tuberculosis, cancer, diabetes, epilepsy, insanity or any hereditary disease? If yes, give particulars: No
5. Have you ever been an inmate of, or have you ever received treatment at an asylum, hospital, sanatorium or rest? If yes, give date, duration, name of address and name of institution: No
6. Have you ever changed residence or traveled for your health? If yes, why and when? No
7. Have you ever received or applied for a pension or disability or compensation benefits from any government or from any municipal or private corporation or have you ever received or applied for any benefit under a policy of accident or health, workmen's compensation or fraternal insurance? If yes, state reasons in full: No
8. Have you ever taken narcotic treatment? If yes, state dates and for how long: No
9. Have you ever used opium, chloral, cocaine, or other narcotics? No
10. (a) To what extent do you use beer, wine, or other alcoholic beverages? (a) Drink 2 drinks - 2 times a week
(b) Have you ever used any of them to excess? If so, when and for how long? (b) No

11. Have you ever suffered from any ailment or disease of

	Yes or No	Name of such Ailment, Disease or Injury	No. of Attacks	Date	Duration	Results	Name and address of every Physician consulted
(a) The Brain or Nervous system?	No						
(b) The Heart or Lungs?	No						
The Stomach or Intestines, Liver, Kidneys or Genito-Urinary Organs?	No						
(d) The Skin, Bones, Glands, Ears or Eyes?	No						
(e) Have you ever had Rheumatism, Gout or Syphilis?	No						
(f) Have you ever had Paralysis or Insanity?	No						
(g) Have you ever had Diabetes, Pleurisy or Pneumonia?	Yes	Pneumonia	1918	Yes	Severe	Dr. L. E. Tunge Bristol, Va.	
(h) Have you ever vomited or spat blood? If so, give full details.	No						
(i) Have you ever had any Accident, Injury or Occupational Disease?	No						
(j) Have you ever had any Surgical Operation?	No						
(k) Have you consulted a physician for any ailment or disease not included in your above answers?	No						

12. What physician or physicians, if any, not named above, have you consulted or been treated by, within the last five years and for what illness or ailment? If none, so state.

Name and Address of Physician	Date and Details of Illness	Results
Dr. J. Thomas Bristol Va.	Pneumonia	Good

13. Family Record

	Living: Residence of Parents if dead give date	Dead: Age	Dead: Cause of Death	Dead: How Long Ill	Dead: Year of Death	Ages Attained by Grandparents: Relationship	Ages
62	Living					Father's Father	78
61	Living					Father's Mother	Living
58	Living					Mother's Father	76
						Mother's Mother	76
41	Living						

Father: No. Living 1, No. dead 0
Mother: No. Living 1, No. dead 0
Brothers: No. Living 2, No. dead 0
Sisters: No. Living 1, No. dead 0

I HEREBY CERTIFY that I have read the answers to the questions in Part A hereof and to the questions in Part B hereof and to the questions correctly written, as given by me, and that they are full, true and complete, and that there are no exceptions by any [illegible] Examiner than as stated herein.

Dated at Bristol Va. this 30 day of Aug 1927

Witness to Signature: [illegible] — Signature of Applicant: Percy Edward Legg

M. D.

NOV 1 1929

District BRISTOL, TENN.

Number 5081405 A.

METROPOLITAN LIFE INSURANCE COMPANY

1 Madison Avenue, New York, N. Y.

Income Policy
Whole Life

Insuring the Life of

GEORGE E. LEGG

for

Immediate Payment at death

of $ 100

and 239 further

M'THLY Income Payments

of $ 100 each

Annual Premium of $ 425.83

Payable During Life

Annual Distribution of Divisible Surplus

Premiums for Supplementary Contracts

Disability Provision $ 49.39 ANN.

Accidental Death Provision $ _____

Receipt of $ 475.22, the first premium hereunder, is hereby acknowledged.

Countersigned

Sept 30 1927

Janet Richards
Secretary

SIGNATURE C. D. Smith

This Policy shall not take effect unless or until the first premium therefor, as entered on the foregoing receipt, has actually been paid in cash.

817 Ord. 1-25
PRINTED IN U.S.A.

SEPT. 28. 27

NOTICE TO POLICY-HOLDER

ASE READ YOUR POLICY PROMPTLY UPON ITS RECEIPT

...s Home Office when you change your address.

...ation write to or apply to the Company's
the Home Office give your Policy Number and state clearly Name, Residence, County and State.

THE COMPANY'S AGENTS
have no authority to waive forfeitures, to alter or amend this Policy, to accept premiums in arrears or to extend the due date of any premium.

Checks, Drafts or Money Orders
in payment of premiums should be drawn to the order of Metropolitan Life Insurance Company.

Privilege of voting for Directors.
The election of Directors of the Company is to be held in New York on the second Tuesday in April, 1927, and every second year thereafter. The holder of this Policy, after one year from its date, while it remains in force, will have a right to vote either in person or by proxy or by mail. For particulars as to how to vote, apply to the Secretary, No. 1 Madison Avenue, New York City.

In the event of the death of the Insured,
the Claimant should promptly advise the Home Office, in New York, or the District Office through which premium payments have been made. Pay nothing to any representative of the Company for preparation of claim papers. Deliver the Policy only to the Company's representative. The Company is glad to pay and there is no necessity for help or alleged influence in collecting.

It is not necessary to employ an attorney or any other person to collect the insurance under this Policy, or to secure any of the benefits it provides.

Premium Payments are invalid
unless made in exchange for an official Home Office receipt signed by the President, Vice-President, Actuary, Treasurer or Secretary of the Company and properly countersigned.

In compliance with the written request of the insured, it is hereby declared that if any of the children of the insured, John Paul Legg, George E. Legg, Mildred I. Legg, and Mary E. Legg, the beneficiaries of record, shall survive the insured and die before all of the income payments shall have been made, the remaining payments shall be made, as they fall due, to the survivors of the said children of the insured, in equal shares, or solely to the last survivor. In the event that any of the said children of the insured shall survive the insured and the last survivor of the said children of the insured shall die before all of the income payments shall have been made, the remaining payments shall be commuted at the rate of three and one-half per centum per annum, compound interest, and paid at once in one sum to the executors or administrators of such last surviving child of the insured.

Dated at New York, this 8th day of May 1931.
ER

MAY 8 1931 JOHN PAUL, GEORGE E, MILDRED I & MARY E LEGG
CHILDREN OF THE INSURED, IN EQUAL SHARES, OR TO
THE SURVIVORS IN EQUAL SHARES, OR TO THE SURVIVOR. RESERVED
NOTE - No change of beneficiary ... unless endorsed on this Policy by the Company at the Home Office.

[fol. 9] IN UNITED STATES DISTRICT COURT

REFEREE'S OPINION AND ORDER—Filed and Entered April 27, 1934

This matter is before the Referee upon the report of the Trustee herein, filed April 10, 1934, and the exceptions of the bankrupt to said report, filed April 10, 1934, and April 16, 1934.

The Trustee reported that on the 28th day of September, 1927, the Metropolitan Life Insurance Company issued a life insurance policy on the life of the bankrupt, #5081405-A, and upon the same day issued a supplementary contract to said policy as to the payment of disability benefits to the insured with waiver of premiums if the insured should become totally and permanently disabled in accordance with and under the terms of the provisions in said supplementary contract. A photostatic copy of said insurance policy and supplementary disability contract was filed and made a part of the record in this case without the objection that there was better evidence of said contracts.

The Trustee further reports that beginning with June 18, 1930, the bankrupt has been receiving disability benefits from said insurance company under said disability contract at the rate of $174.52 per month on the 18th of each month, and that the last payment received by him was February 18, 1934; that said payments are made in advance and, therefore, there were no disability benefits due the bankrupt on March 8, 1934, the date of his adjudication in bankruptcy; that between February 28, 1934, and March 8, 1934, said insurance company was enjoined from paying further benefits to the insured under this contract by a creditor.

The Trustee further reports that he has set apart said life insurance policy and any cash surrender value thereunder to the bankrupt as exempt under the law, but he reports the disability benefits under said supplemental con-
[fol. 10] tract are not exempt, but assets of this estate. To so much of said report as declares the disability benefits under said contract to be assets of the estate and not exempt, the bankrupt, through his attorney, has filed objections and insists that said disability benefits are proceeds of said life insurance policy and should be set apart to the bankrupt as exempt property.

A hearing of these objections was had at Kingsport, Tennessee, on April 10, 1934, by consent of parties. Judge Robt. Burrow and Clayton Scyphers, appearing for creditors in support of the Trustee's report and Henry Roberts appearing for the bankrupt. After hearing the argument of counsel, the Referee took the matter under advisement. Later briefs were filed by counsel interested, and after due consideration of the issue, the Referee is of the opinion and finds:

(a) That the said life insurance policy and the said supplementary contract as to disability benefits are two wholly separate contracts, one a life insurance and the other a contract of indemnity against total and permanent physical disability. This question has been passed upon in the case of Chattanooga Sewer Pipe Works vs. Dumler, reported in 62 A. L. R. 999, at page 1003. The Referee is of the opinion the reasoning in said case is sound and is applicable in this case.

(b) That the statutes of Tennessee exempting proceeds of a life insurance policy have no application to disability benefits under a contract of indemnity against total and permanent physical disability as in the instant case. Counsel do not cite, and the Referee has not found any case in Tennessee passing directly upon this question; however, the Court of Appeals in the case of Cravena vs. Robbins, Tennessee Appeals Reports, Vol. 8, page 435, has held that [fol. 11] the statutes of Tennessee exempting life insurance have no application to indemnity for disability under a policy of health insurance. This is analogous. It is further held in that case that since under the common law there were no exceptions, only those items specified by the statute can be held to be exempt.

(c) That the disability benefits payable to the bankrupt under the terms of his said contract of indemnity against permanent and total disability were a vested property right at the date of adjudication in this case and passed to the Trustee in Bankruptcy. So far as the Referee has been able to find this exact question has not been passed upon.

The Referee is of the opinion that these disability benefits are not in the nature of earnings. These have been purchased and paid for and the right to receive them, although contingent, is vested,

As stated, this contract for disability benefits is not a life insurance policy, and the provisions of law peculiar to life insurance do not govern.

It is a principal of law that property rights of the bankrupt, though contingent, pass to the Trustee in Bankruptcy if vested in the bankrupt at the time of his adjudication, as in the case of remainder and contingent interests in real estate.

In the case of Mutual Life Insurance Company of New York vs. Jeremiah Smith, Jr., Trustee, etc., 33 L. R. A. (N. S.) 439, at page 442, it was held that the right of the bankrupt to receive $1,000.00 per year under an annuity contract so long as he might live, beginning when he should reach a certain age, provided he was then alive, was like the right of a bankrupt in and to remainder and contingent interest in real estate, and a right that the Trustee in Bankruptcy might seize and hold for the benefit of creditors. [fol. 12] In the case of Suskin & Berry, Inc., vs. James Rumley, Trustee, etc., 68 A. L. R. 768, at page 772, is a discussion of the right of a Trustee in Bankruptcy to take contingent remainders, and the rule is announced that where the contingency relates to the person or persons who are to take, a contingent remainder does not pass to the Trustee, but where the contingency relates to the event, and not to the person who takes, the remainderman possesses a vested right, which would pass to a Trustee in Bankruptcy. In the instant case there is no contingency as to who will take the disability benefits. The only contingencies are: Will the bankrupt continue to be permanently and totally disabled and will he continue to live?

Therefore, as stated, the Referee is of the opinion that the right to receive said disability benefits was a vested right at the time of adjudication in this case and passed to the Trustee herein.

(d) It is conceded by the Trustee and creditors represented at this hearing that the bankrupt is entitled to $40.00 per month of said disability benefits as exempt income under the Tennessee statutes, and it therefore follows that the Trustee herein is entitled to receive from Metropolitan Life Insurance Company, the sum of $134.52, per month, beginning with March 18, 1934, and the bankrupt is entitled to receive $40.00 per month, beginning March 18, 1934, until such sum is realized by the Trustee as will be sufficient to

satisfy the claims filed and allowed in this case, and the costs of administration, or until said bankrupt is no longer entitled to receive benefits under said disability contract by reason of his recovery from said permanent and total disability, or by reason of his death.

[fol. 13] It is, accordingly, ordered, adjudged, and decreed:

That said objections to said Trustee's report be overruled, and the report of the Trustee as to this matter be approved.

It is further ordered, that the Metropolitan Life Insurance Company pay to Edmund St. John, the Trustee herein, the sum of $134.52 per month, as an asset of this estate, beginning with March 18, 1934, and the sum of $40.00 per month to George Everett Legg, the bankrupt herein, beginning March 18, 1934, until the claims filed and allowed in this case and the costs of administration have been satisfied or the recovery of the bankrupt from his said permanent and total disability, or until the death of the bankrupt, whichever contingency may first occur.

It is further ordered that service of this order be had by mailing a signed copy of same to Metropolitan Life Insurance Company, One Madison Avenue, New York City, and to the bankrupt, George Everett Legg, Bristol, Tennessee, and to Edmund St. John, the Trustee herein, Bristol, Tennessee, and such service when made shall be sufficient.

It is further ordered that any party feeling aggrieved by the action of the Referee herein shall have twenty days from this date within which to file with the Referee a petition for review of his action by the U. S. District Judge.

Dated at Greenville, Tenn., April 27, 1934.

H. C. Haynes, Referee in Bankruptcy.

[fol. 14] IN UNITED STATES DISTRICT COURT

PETITION FOR REVIEW—Filed May 17, 1934

To the Honorable George C. Taylor, Judge of said Court:

Your petitioner, George Everett Legg, a resident and citizen of Bristol, Sullivan County, Tennessee, would show unto your Honor that he is much aggrieved by the opinion and order of Hon. H. C. Haynes, Refree in Bankruptcy,

of April 27, 1934, relative to life insurance policy No. 5081405-A, and the total and permanent disability supplementary contract attached thereto and made a part thereof, on the life of petitioner George E. Legg, issued by the Metropolitan Life Insurance Company, under date of September 28, 1927, in which opinion and order it was held that the total and permanent disability payments due and payable under said policy and supplementary contract were not exempt from the claims of petitioner's creditors under the statute laws of the State of Tennessee, and directed that such payments be made to the Trustee in Bankruptcy.

Petitioner respectfully claims that said life insurance policy and supplementary contract, and all benefits payable thereunder, are exempt under the provisions of Chapter 113, Public Acts, 1925, of the Legislature of Tennessee, now section 8458 of the Code of Tennessee; and if he be mistaken relative thereto, then, in that event, he invokes the provisions of United States Code annotated, Title 11, Section 110 (a) (5): and in any event the title to said insurance policy and supplementary contract, and to all parts thereof, remains in your petitioner, and does not vest in the Trustee.

Petitioner here refers to his exceptions to the Trustee's report, filed April 16, 1934, and to the photostat copy of said insurance policy and supplementary contract, and [fol. 15] makes them a part hereof.

Petition more particularly refers to the errors complained of as follows:

1. It is thought that said opinion and order are in direct conflict with the provisions of said policy and supplementary contract.

2. By the terms of the policy and the supplementary contract, they are one contract, and cannot be separated into two contracts as held in the opinion and order.

3. The setting aside of the policy as exempt, and the vesting of the title thereto in petitioner carried with it the title to and the right to receive the disability payments under the policy and supplementary contract.

4. In any event, the policy and the supplementary contract are an "annuity contract", and the payments thereunder are exempt as such under said section 8458 of the Tennessee Code.

5. Section 110 (a) (5), Title 11, U. S. C. A., is broader than the Tennessee exemption statute, and refers to "any insurance policy", rather than "any life insurance policy", and in any event petitioner has a right to comply with the terms of said section and continue to hold, own and carry said policy and supplementary contract, and receive all the benefits thereof, free from the claims of creditors.

6. The title to said insurance policy and supplementary contract, remains in the petitioner and does not vest in the Trustee, and the Trustee has no right to collect the payments thereunder.

Your petitioner, therefore, prays that the said opinion and order of the Referee be reviewed, and that an order be entered in your Honor's Court setting aside said policy [fol. 16] and supplementary contract, and all payments thereunder, to your petitioner, as exempt, in accordance with law.

This May 16th, 1934.

Respectfully submitted, George Everett Legg, by Henry Roberts, Caldwell, Brown & O'Dell, Solicitors.

[fol. 17] IN UNITED STATES DISTRICT COURT

MEMORANDUM OF DISTRICT JUDGE—Filed August 10, 1934

This is before me on the referee's certificate to review his order, dated at Greenville, Tennessee, April 27, 1934. The question presented is the status of total and permanent disability benefits accruing out of a contract annexed to a life insurance policy under Tennessee statutes, where the condition maturing the contract existed at the time of bankruptcy.

The referee, in a learned opinion, has reviewed the authorities cited and relied upon by counsel, and has reached the conclusion that the policy of life insurance and the contract relating to disability benefits are wholly separate, citing as authority the case of Chattanooga Sewer Pipe Works v. Dumler, reported in 62 A.L.R. 999, and he refers particularly to the language employed in that decision at page 1003. The Mississippi Supreme Court was distinguishing between the cash surrender value of life insurance

policies, as proceeds, exempt under a similar Mississippi statute, and the benefits accruing under the provisions in a life insurance policy relating to indemnity in the event of total and permanent disability. The language referred to by the referee is: "In the case at bar, the money involved is in no sense the proceeds of a life insurance policy. It is true that it arises out of one of the provisions of the policy of insurance on the life of the appellee, but this provision is a contract of indemnity wholly separate from a contract to pay a fixed sum upon the death of the insured." This case is also reported in 120 Southern 450. See also Tennessee Appeals Reports, Vol. 8, p. 435, for a discussion of the analogous proposition that the exemption statute affecting life insurance policy *proceeds* has no application to disability benefits accruing under a policy of health insurance.

[fol. 18] The bankrupt's chief insistence that the referee's action was incorrect lies in his urging that the contract providing for total disability benefits and the contract providing for payment in event of insured's death are so connected and related to each other, particularly upon the fact that the contract for indemnity permits the insurer to collect out of the disability benefits certain percentages to be applied upon any loans obtained by the insured under the provisions of the life insurance contract, that they must be treated as parts of the same contract. It does not follow that the contracts are inseparable or parts of each other because benefits accruing under one may be applied by the insurer to the discharging of liabilities incurred by borrowing money, a right accruing to the insured under the provision of the other. This situation may render the matter of administration more complicated and difficult, but it is my opinion that it does not affect the question whether the contracts are to be regarded as one or two contracts. That the contract for disability benefits would not and could not have been entered into by the bankrupt with the insurer but for the existence of the life insurance contract does not prove the case. The life insurance contract could certainly stand alone, and every contract in a certain sense, is dependent upon antecedent transactions.

It is urged in behalf of the bankrupt that the policy of the courts and of the legislature is to liberalize the application of exemption statutes in Tennessee in order that the

underlying purpose of the sovereign to leave exempt in the hands of its citizens a sufficient amount of property to prevent the citizen becoming a public charge may be accomplished. The statute under consideration, however, is a statute in derogation of the common law, and must be given [fol. 19] a reasonable strict construction. The argument made by the bankrupt in this respect is rather an argument that a logical program of legislation would result in the enactment of a statute exempting the proceeds of disability indemnity contracts, as well as the proceeds of life insurance contracts. The fact that the courts have held the cash surrender value of life insurance contracts proceeds thereof, constitutes no precedent for holding that proceeds of disability or health and indemnity contracts are proceeds of life insurance contracts. Cravens v. Bobbins, 8 Tenn. App. Rep. 435.

No Tennessee decision has been cited giving the statute involved any different construction than that given it by the referee, and an application of the general law of construction of exemption statutes, in derogation of the common law, was correctly made.

The contingencies involved in this case are not such contingencies as operate to defeat the trustee's possession of such property rights as exists. Whether its value may be changed by the happening of events or otherwise, it is a vested property right of the bankrupt, and as such passed to the trustee. The right and its value was vested upon the happening of total and permanent disability. The extent or value of the right alone, not the ownership, may be affected by the happening of a contingency.

The other objections made to the referee's order have been considered, but it seems they only affect the question of the application of the principle involved, rather than the correctness of the principle announced. That the referee's conclution may complicate the administration of the estate furnished no justification or right to apply an incorrect principle of construction even if by so doing it would render more simple the administration.

[fol. 20] It follows the referee's order will be in all things confirmed.

George C. Taylor, Judge.

[fol. 21] IN UNITED STATES DISTRICT COURT

ORDER AFFIRMING REFEREE'S ORDER—Entered Sept. 5, 1934

This cause having been heretofore submitted to the Judge of this Court upon the petition of George Everett Legg to review the opinion and order of the Referee herein of April 27, 1934, upon the briefs and oral argument of respective counsel, and the Court having filed a Memorandum Opinion herein on August 10, 1934, which is made a part hereof, it is hereby ordered that the order of the Referee entered herein on April 27, 1934, be and the same is hereby affirmd.

Approved for entry.

George C. Taylor, District Judge.

[fol. 22] IN UNITED STATES DISTRICT COURT

ASSIGNMENT OF ERRORS—Filed Sept. 5, 1934

Now comes George Everett Legg, bankrupt in the above styled case, and in connection with his petition for an appeal assigns the following errors which he avers occurred on the trial thereof and upon which he relies to reverse the judgment entered herein as appears of record.

[fol. 23] Petitioner George Everett Legg complains of the following errors in the opinion and judgment of the District Court:

1. It is thought that the opinion and order are in direct conflict with the provisions and obligations of the policy of life insurance and suppplementary contract.

2. The life insurance policy and supplementary contract, and the cash surrender value thereof, including the disability benefits, are exempt under Section 8456 and Section 8458 of the Tennessee Code; and the setting aside of the life insurance policy and the cash surrender value thereof as exempt, and the vesting of the title thereto in the bankrupt by the Court, carried with it the title to and the right to receive the disability benefits under the life insurance policy and supplementary contract, including the disability payments in controversy.

3. The proposition set out in Assignment No. 2 is true, under the provision of Section 8458 of the Tennessee Code referring to "the net amount payable under any policy of life insurance," as well as under the provision of said Section "or under any annuity contract".

4. Section 110 (a) (5) Title 11, U. S. C. A., is broader than the Tennessee Exemption Statute and refers to "any insurance policy," rather than "any *life* insurance policy," and in any event petitioner has a right to comply with the [fol. 24] terms of said section and continue to hold, own and carry said policy and supplementary contract, and receive all the benefits thereof, free from the claims of creditors.

5. The title to said life insurance policy and supplementary contract, remains in the bankrupt under the State statutes and Bankruptcy Act and does not vest in the trustee, and the trustee has no right to collect the disability payments thereunder.

For which errors George Everett Legg, appellant in the appeal prayed for, prays that the said judgment of the United States District Court for the Northeastern Division of the Eastern District of Tennessee, dated August 10, 1934, in the above entitled cause, be reversed, set aside and annulled, and for general relief.

George Everett Legg, by Henry Roberts, Caldwell, Brown & O'Dell, Attorneys for Appellant.

Copy of above Assignment of Errors received this September 5, 1934.

Clayton Scyphers, Robert Burrow, Counsel for Edmund St. John, Trustee, and Creditors.

[fol. 25] IN UNITED STATES DISTRICT COURT

ORDER APPROVING RECORD—Entered Sept. 5, 1934

It is ordered that the narration of the testimony of George E. Legg stipulated in the stipulation of counsel for record on appeal be and the same is hereby approved; and that the papers referred to in said stipulation for record on appeal be and they are approved as and for the record in this case on appeal; and that the photostat copy of the insurance policy filed in the record be mailed by the Clerk of this Court, with the record, to the Clerk of the United

States Circuit Court of Appeals for the Sixth Circuit, to be considered as a part of the record on appeal.

It is further certified that in the opinion of this Court the appeal in this case, *in forma pauperis*, is taken in good faith.

Geo. C. Taylor, District Judge.

[fol. 26] IN UNITED STATES DISTRICT COURT

STIPULATION FOR RECORD ON APPEAL—Filed September 5, 1934

It is hereby stipulated and agreed between counsel for the respective parties in the above entitled cause, that the record on appeal shall consist of the following:

1. Petition for adjudication and order thereon.
2. Narration of testimony of George Everett Legg before Referee April 10, 1934, as follows:

I live in Bristol, Sullivan County, Tennessee; have lived there the greater part of the six months next preceding the filing of my bankruptcy petition. I am married, have four children aged twelve, fourteen, eighteen and twenty-three, all living at home and being supported by me. I have a policy of life insurance with the Metropolitan Life Insurance Company, the face value of which is $17,452.00, the policy providing for disability payments, and the disability payments have been made since June 18, 1930, in the amount of $174.52 per month. Some of this money is attached in the Chancery Court at Bristol. The policy waives premium for disability, and provides that premiums are paid as long as I am disabled. I got up these schedules. This is the insurance policy to which I refer No. 5081405-A, issued by Metropolitan Life Insurance Company September 28, 1927. I introduce the policy with the right to substitute a copy of it which we will have to get from the company.

Referee: Very well. This is a matter that should come up on the filing of the Trustee's report. The loan on the policy is fourteen hundred and something as of December 28, 1933. The cash surrender value at the end of six years is $1,585.00. The disability payments are payable so long as I am disabled and the company reserves the right to

[fol. 27] check up on the disabilities. Mr. Keller attached the disability benefit payments in the Chancery Court at Bristol recently and I then filed my petition in bankruptcy.

3. Section 3 of Trustee's report as amended.
4. Amended exceptions to Trustees report filed April 16, 1934.
5. Referee's Opinion and Order of April 27, 1934.
6. Petition for Review.
7. Opinion of District Judge.
8. Assignment of Errors.
9. All orders entered by District Judge.
10. The photostat copy of policy to be sent up without copying.
11. This stipulation.
12. All data and papers required by Rules of Court.

Henry Roberts, Caldwell, Brown & O'Dell, Counsel for George E. Legg. Clayton Scyphers, Robert Burrow, by C. S., Counsel for Edmund St. John, Trustee, and Creditors.

[fols. 28 & 29] Clerk's certificates to foregoing transcript omitted in printing.

[fol. 30] IN UNITED STATES CIRCUIT COURT OF APPEALS, SIXTH CIRCUIT

PETITION FOR APPEAL AND SUPERSEDEAS—Filed Sept. 11, 1934

May it please the Court:

And now comes George Everett Legg, bankrupt, by his attorneys, and feeling himself aggrieved by the final judgment of the United States District Court for the Northeastern Division of the Eastern District of Tennessee entered on September 5, 1934, hereby prays that an appeal may be allowed him from the said judgment to the United States Circuit Court of Appeals for the Sixth Circuit, in order that the errors complained of in the assignment of errors heretofore filed in the District Court as a part of this petition, may be reviewed, and if error be found, cor-

rected according to the laws and customs of the United States, and in order that this Court may superintend and revise in matter of law the said proceedings in the District Court.

A transcript of the record and proceedings in said cause in said District Court, certified under the hand and seal of the Clerk thereof in accordance with the rules of this Court, is presented herewith as a part hereof. [Tendered Sept. 8, 1934. J. W. Menzies, Clerk.]

The question for decision is: Are disability benefit payments for total and permanent disability payable under the provisions of a life insurance contract and supplementary contract attached to and made a part of the insurance policy exempt under sections 8456 and 8458 of the Tennessee Code of 1932. Section 8458 provides that "The net amount payable under any policy of life insurance or under any annuity contract" made for the benefit of or assigned to the wife and or children of the insured, shall be exempt from claims of his creditors.

[fol. 31] The District Court erred, it is believed, in holding that the disability benefit payments were not exempt.

If not exempt under the Tennessee statutes, then the policy of life insurance, and the cash surrender value thereof, being admittedly exempt under the Tennessee statutes, and the supplementary contract having no cash surrender value, the title to the policy and disability benefits remains in the bankrupt under the provisions of U. S. C. A., Title 11, Sec. 110 (a) (5).

The District Court did not affirmative- pass upon this question. It is believed that the Court erred in not holding that, under this section of the Bankruptcy Act, the policy and the disability benefit payments were the property of the bankrupt, and that the title thereto remained in the bankrupt and did not vest in the Trustee.

Even if the decision complained of on these two points is correct, it is believed the Court erred in not providing for the deduction of interest on the policy loan from the disability payments, and in not providing for the contingency that the disability payments are to be made to the beneficiaries in the event of the insured's "mental incapacity".

Petitioner further prays that an order of supersedeas may be entered herein pending the final disposition of the cause.

Henry Roberts, Caldwell, Brown & O'Dell, Counsel for George Everett Legg.

[fol. 32] *Duly sworn to by George E. Legg. Jurat omitted in printing.*

[fol. 33] IN UNITED STATES CIRCUIT COURT OF APPEALS

ASSIGNMENT OF ERRORS—Filed September 11, 1934

Petitioner George Everett Legg complains of the following errors in the opinion and judgment of the District Court.

1. It is thought that the opinion and order are in direct conflict with the provisions and obligations of the policy of life insurance and supplementary contract.

2. The life insurance policy and supplementary contract, and the cash surrender value thereof, including the disability benefits, are exempt under Section 8456 and Section 8458 of the Tennessee Code; and the setting aside of the life inusrance policy and the cash surrender value thereof as exempt, and the vesting of the title thereto in the bankrupt by the Court, carried with it the title to and the right to receive the disability benefits under the life insurance policy and supplementary contract, including the disability payments in controversy.

23. The proposition set out in Assignment No. 2 is true, under the provision of Section 8458 of the Tennessee Code referring to "the net amount payable under any policy of life insurance," as well as under the provision of said Section "or under any annuity contract."

4. Section 110 (a) Title 11, U. S. C. A., is broader than the Tennessee exemption statute and refers to "any insurance policy," rather than "any *life* insurance policy," and in any event petitioner has a right to comply with the terms of said section and continue to hold, own and carry said policy and supplementary contract, and receive all the benefits thereof, free from the claims of creditors.

5. The title to said life insurance policy and supplementary contract, remains in the bankruptcy under the State statutes and Bankruptcy Act, and does not vest in the trus-
[fol. 34] tee, and the trustee has no right to collect the disability payments thereunder.

For which errors George Everett Legg, appellant in the appeal prayed for, prays that the said judgment of the United States District Court for the Northeastern Division of the Eastern District of Tennessee, dated August 10, 1934, in the above entitled cause, be reversed, set aside and annulled, and for general relief.

George Everett Legg, by Henry Roberts, Caldwell, Brown & O'Dell, Attorneys for Appellant.

Copy of above Assignment of Errors received this September 5, 1934.

Clayton Scyphers, Robert Burrow, Counsel to Edmund St. John, Trustee, and Creditors.

[fol. 35] In United States Circuit Court of Appeals

Order Allowing Appeal—Entered Oct. 3, 1934

On petition of George Everett Legg, bankrupt, with accompanying assignments of error, it is ordered that an appeal be allowed as prayed in the petition, pursuant to the authority of Section 24-b of the Bankruptcy Act and to Rule 34 of this Court; and that citation issue returnable thirty days from this date.

Chas. H. Moorman.

[fol. 36] In United States Circuit Court of Appeals

Order Allowing Appellant to Proceed in Forma Pauperis —Entered Oct. 3, 1934

Appellant is hereby granted leave to proceed in forma pauperis, and it is ordered that the printing of record and briefs be dispensed with.

Chas. H. Moorman.

[fol. 37] IN UNITED STATES CIRCUIT COURT OF APPEALS, SIXTH CIRCUIT

(Before Hicks, Simons and Allen, JJ.)

ORDER OF SUBMISSION—Feb. 13, 1935

This cause is argued by Henry Roberts for appellant, and by Clayton Scyphers and Robert Burrow for appellee and is submitted to the Court.

IN UNITED STATES CIRCUIT COURT OF APPEALS

JUDGMENT—Filed April 15, 1935

Appeal from the District Court of the United States for the Eastern District of Tennessee

This cause came on to be heard on the transcript of the record from the District Court of the United States for the Eastern District of Tennessee, and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be and the same is hereby affirmed.

[fol. 38] [File endorsement omitted]

IN UNITED STATES CIRCUIT COURT OF APPEALS, SIXTH CIRCUIT

No. 6906

In the Matter of George Everett Legg, Bankrupt

GEORGE EVERETT LEGG, Appellant,

v.

E. ST. JOHN, Trustee, Appellee

Appeal from the United States District Court for the Northeastern Division of the Eastern District of Tennessee

Before Hicks, Simons and Allen, Circuit Judges

OPINION—Filed April 15, 1935

ALLEN, Circuit Judge:

The District Court affirmed an order of the Referee in Bankruptcy directing a life insurance company to pay dis-

ability benefits accruing to the bankrupt after adjudication in bankruptcy, to the Trustee as assets of the bankrupt's estate. The bankrupt's life insurance policy and its cash surrender value, together with $40 of the monthly disability benefits, were held exempt. The sole question is whether the remainder of the monthly total and permanent disability payments, amounting to $134.52 per month, are exempt under Sections 8456 and 8458 of the Tennessee Code of 1932,[1] or under Title 11, U. S. C., Section 110 (a) (5).[2]

[fol. 39] Even were we to assume that Section 8456 applies notwithstanding the phrase "in the case of his death," the question presented under Sections 8456 and 8458 is the

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[1] Section 8456:

"Any life insurance effected by a husband on his own life shall, in case of his death, inure to the benefit of his widow and children; and the money thence arising shall be divided between them according to the statutes of distribution, without being in any manner subject to the debts of the husband."

Section 8458:

"The net amount payable under any policy of life insurance or under any annuity contract upon the life of any person made for the benefit of, or assigned to, the wife and/or children, or dependent relatives of such person, shall be exempt from all claims of the creditors of such person arising out of or based upon any obligation created after the effective date of this Code, whether or not the right to change the named beneficiary is reserved by or permitted to such person."

[2] Section 110 (a) (5), Title 11, U. S. C.:

"* * * When any bankrupt shall have any insurance policy which has a cash surrender value payable to himself, his estate, or personal representative, he may, within thirty days after the cash surrender value has been ascertained and stated to the trustee by the company issuing the same, pay or secure to the trustee the sum so ascertained and stated, and continue to hold, own, and carry such policy free from the claims of the creditors participating in the distribution of his estate under the bankruptcy proceedings; otherwise the policy shall pass to the trustee as assets. * * *"

same. The disability payments are exempt only if they are made under a policy of life insurance or annuity. It is appellant's principal contention that they are made under a life insurance policy. The bankrupt was insured under such a policy. The disability contract, both by its terms and physically, is "attached to and made part of" the life insurance policy. Considered separately, the disability contract in no sense provides for life insurance. It is effective before death, upon a contingency, and is payable directly to the insured. However, appellant contends that as the contract is attached to and made part of the life insurance policy, it falls within the statutory exemption.

The disability contract contains the following provision:

"This Supplementary Contract shall be deemed to be a part of the above numbered Policy and the provisions of said Policy concerning declarations and representations by the insured, restrictions, payment of premiums, change of beneficiary, and assignment, are hereby referred to and by such reference made a part hereof. No other provisions of said Policy shall be held or deemed to be a part hereof. * * *"

Certain exceptions follow, which have no application here.

The disability contract, then, provides that the two contracts should be read together as to certain features, and should be separate as to other features. The payment of disability benefits does not fall within those provisions in which the two contracts are one. The premiums for the two forms of protection are entirely separate. In short, the disability contract is not a life insurance contract, nor is it by its own terms, except in limited particulars, a part thereof. Neither is it an annuity contract. An annuity [fol. 40] contract provides for payments to the insured or a named person or persons of a sum or sums periodically during life, or for a certain period. While this supplementary contract resembles an annuity in the fact that periodical payments to the insured are now being made thereunder, it does not fall within the definition of an annuity contract, and also it is not issued "upon the life" of the insured (Section 8458). Hence the Tennessee statutes have no application.

Neither does the contract fall within Section 110 (a) (5) of the Bankruptcy Act. That provision covers any in-

surance contract which has either an express cash surrender value or a cash surrender value under the concession or practice of the insurer. Hiscock, Trustee, v. Mertens, 205 U. S. 202. Nothing in the record indicates such a practice, nor any offer from the company to pay any amount upon the surrender of this disability contract.

We grant that Tennessee exemption statutes are to be construed liberally. Terry v. McDaniel, 103 Tenn. 415; Dawson, Trustee, v. National Life Ins. Co., 156 Tenn. 306. However, no construction is called for where the contract is clearly not within the terms of the statute.

Appellant urges that since the disability contract provides for waiver of premiums and also for the payment of disability benefits, the effect of the holding of the District Court is inconsistent in that it preserves for the insured his right to a waiver of premiums during disability while applying the disability benefits to the payment of his debts. This contention ignores the fact that each of these provisions is now being performed. The payment of premiums is waived, and the disability benefits are being paid.

The judgment of the District Court is affirmed.

[fol. 41] In United States Ciccuit Court of Appeals

Stipulation of Counsel for Transcript of Record—Filed April 30, 1935

It is hereby stipulated and agreed between counsel for the parties to the above entitled cause that the transcript of the record to be presented to the Supreme Court of the United States for a writ of certiorari shall contain the following:

1. The transcript of the record in the District Court.
2. Petition for appeal and supersedeas.
3. Assignment of Errors.
4. All orders entered in the cause.
5. Opinion of United States Circuit Court of Appeals.
6. All data and parts of the record required by the Rules of the United States Circuit Court of Appeals or the Supreme Court of the United States.

Henry Roberts, Caldwell, Brown & O'Dell, Attorneys for Appellant. Clayton Scyphers, Robert Burrow, Attorneys for Appellee.

[fol. 42] Clerk's certificate to foregoing transcript omitted in printing.

[fol. 43] SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed May 27, 1935

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Sixth Circuit is granted. And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

Endorsed on cover: In forma pauperis. File No. 39,593. U. S. Circuit Court of Appeals, Sixth Circuit. Term No. 54. George Everett Legg, Petitioner, vs. E. St. John, Trustee. Petition for a writ of certiorari and exhibit thereto. Filed May 13, 1935. File No. 54, O. T., 1935.